

TOWN OF NORTH EAST, NEW YORK

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

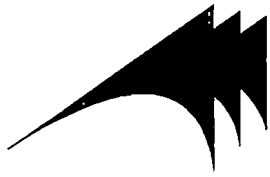
DECEMBER 31, 2019

TOWN OF NORTH EAST, NEW YORK

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Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

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Joseph J. Montalto, CPA
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Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT ACCOUNTANT'S DISCLAIMER

To Town Board of the
Town of North East
Northeast, New York

The accompanying financial statements of the Town of North East (the Town) as of and for the year ended December 31, 2019, which collectively comprise the Town's financial report update document included in the accompanying prescribed form, were not subjected to an audit, review, or compilation engagement by us. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Sickler, Torchia, Allen & Churchill, CPA's, P.C.
Hudson, New York
February 24, 2020

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

TOWN of North East

County of Dutchess

For the Fiscal Year Ended 12/31/2019

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

TOWN OF North East

***** FINANCIAL SECTION *****

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2018 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2019:

- (A) GENERAL
- (B) GENERAL TOWN-OUTSIDE VG
- (CD) SPECIAL GRANT
- (CM) MISCELLANEOUS SPECIAL REV
- (DB) HIGHWAY-PART-TOWN
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SW) WATER
- (TA) AGENCY
- (TE) PRIVATE PURPOSE TRUST
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2018 represent data filed by your government with OSC as reviewed and adjusted where necessary.

***** SUPPLEMENTAL SECTION *****

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption

All numbers in this report will be rounded to the nearest dollar.

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(A) GENERAL

Balance Sheet

Balance Sheet			
Assets			
Cash	1,008,100	A200	969,148
TOTAL Cash	1,008,100		969,148
Accounts Receivable	61,749	A380	
TOTAL Other Receivables (net)	61,749		0
Due From Other Funds		A391	30,547
TOTAL Due From Other Funds	0		30,547
Cash Special Reserves	10,004	A230	10,164
TOTAL Restricted Assets	10,004		10,164
TOTAL Assets and Deferred Outflows of Resources	1,079,853		1,009,859

TOWN OF North East
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For the Fiscal Year Ending 2019

(A) GENERAL

Balance Sheet

2018	2019	2019	2019
Accounts Payable	12,719	A600	10,655
TOTAL Accounts Payable	12,719		10,655
TOTAL Liabilities	12,719		10,655
Fund Balance			
Unemployment Insurance Reserve	10,004	A815	10,164
TOTAL Restricted Fund Balance	10,004		10,164
Assigned Appropriated Fund Balance	192,000	A914	124,000
TOTAL Assigned Fund Balance	192,000		124,000
Unassigned Fund Balance	865,128	A917	865,040
TOTAL Unassigned Fund Balance	865,128		865,040
TOTAL Fund Balance	1,067,132		999,204
TOTAL Liabilities, Deferred Inflows And Fund Balance	1,079,851		1,009,859

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(A) GENERAL

Results of Operation

Account Description	2018	2019	
Revenues			
Real Property Taxes	1,053,066	A1001	1,108,939
TOTAL Real Property Taxes	1,053,066		1,108,939
Interest & Penalties On Real Prop Taxes	7,272	A1090	9,913
TOTAL Real Property Tax Items	7,272		9,913
Franchises	25,315	A1170	24,911
TOTAL Non Property Tax Items	25,315		24,911
Clerk Fees	1,903	A1255	1,784
Public Pound Charges, Dog Control Fees	475	A1550	119
TOTAL Departmental Income	2,378		1,903
Interest And Earnings	22,278	A2401	29,405
TOTAL Use of Money And Property	22,278		29,405
Dog Licenses	3,369	A2544	3,300
Licenses, Other	210	A2545	263
Permits, Other	700	A2590	700
TOTAL Licenses And Permits	4,279		4,263
Fines And Forfeited Bail	26,181	A2610	16,244
TOTAL Fines And Forfeitures	26,181		16,244
Grants From Local Governments	61,749	A2706	145,250
Unclassified (specify)	5	A2770	1,015
TOTAL Miscellaneous Local Sources	61,754		146,265
St Aid, Revenue Sharing	11,220	A3001	11,220
St Aid, Mortgage Tax	59,251	A3005	71,491
St Aid - Other (specify)	2,404	A3089	
TOTAL State Aid	72,875		82,711
TOTAL Revenues	1,275,398		1,424,554
TOTAL Detail Revenues And Other Sources	1,275,398		1,424,554

TOWN OF North East
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For the Fiscal Year Ending 2019

(A) GENERAL

Results of Operation

	2018	2019	
Expenditures			
Legislative Board, Pers Serv	19,600	A10101	20,200
Legislative Board, Contr Expend	906	A10104	766
TOTAL Legislative Board	20,506		20,966
Municipal Court, Pers Serv	58,578	A11101	60,003
Municipal Court, Contr Expend	9,186	A11104	6,643
TOTAL Municipal Court	67,764		66,646
Supervisor, pers Serv	76,103	A12201	78,398
Supervisor, contr Expend	13,769	A12204	14,285
TOTAL Supervisor	89,872		92,683
Auditor, Contr Expend		A13204	
TOTAL Auditor	0		0
Tax Collection, contr Expend	6,048	A13304	5,838
TOTAL Tax Collection	6,048		5,838
Assessment, Pers Serv	47,667	A13551	49,461
Assessment, Contr Expend	3,079	A13554	3,602
TOTAL Assessment	50,746		53,063
Clerk, pers Serv	48,992	A14101	52,525
Clerk, equip & Cap Outlay		A14102	
Clerk, contr Expend	5,398	A14104	6,112
TOTAL Clerk	54,390		58,637
Law, Contr Expend	33,659	A14204	26,200
TOTAL Law	33,659		26,200
Personnel, Contr Expend	787	A14304	
TOTAL Personnel	787		0
Engineer, Contr Expend	99,902	A14404	155,612
TOTAL Engineer	99,902		155,612
Records Mgmt, PerS. Serv.	3,981	A14601	5,084
Records Mgmt, Contr Expend	8,385	A14604	8,385
TOTAL Records Mgmt	12,366		13,469
Buildings, Pers Serv	5,368	A16201	6,099
Buildings, Equip & Cap Outlay	14,313	A16202	200
Buildings, Contr Expend	13,329	A16204	12,354
TOTAL Buildings	33,010		18,653
Central Comm System, Contr Expend	6,059	A16504	6,498
TOTAL Central Comm System	6,059		6,498
Central Print & Mail, contr Expend	6,990	A16704	6,814
TOTAL Central Print & Mail	6,990		6,814
Central Data Process, Pers Serv		A16801	
Central Data Process & Cap Outlay	893	A16802	5,926
Central Data Process, Contr Expend	4,910	A16804	6,956
TOTAL Central Data Process	5,803		12,882
Unallocated Insurance, Contr Expend	30,530	A19104	34,704
TOTAL Unallocated Insurance	30,530		34,704
Municipal Assn Dues, Contr Expend	999	A19204	1,000
TOTAL Municipal Assn Dues	999		1,000

TOWN OF North East
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(A) GENERAL

Results of Operation

	2018	2019	2019
Expenditures			
Taxes & Assess On Munic Prop, Contr Expend	1,709	A19504	
TOTAL Taxes & Assess On Munic Prop	1,709		0
TOTAL General Government Support	521,140		573,665
Traffic Control, Contr Expen	654	A33104	5,558
TOTAL Traffic Control	654		5,558
Control of Animals, Pers Serv	4,670	A35101	4,810
Control of Animals, Contr Expend	1,497	A35104	1,000
TOTAL Control of Animals	6,167		5,810
TOTAL Public Safety	6,821		11,368
Ambulance, Contr Expend	310,000	A45404	340,000
TOTAL Ambulance	310,000		340,000
TOTAL Health	310,000		340,000
Street Admin, Pers Serv	56,445	A50101	58,140
Street Admin, Contr Expend	960	A50104	1,719
TOTAL Street Admin	57,405		59,859
Garage, Contr Expend	54,484	A51324	49,610
TOTAL Garage	54,484		49,610
Street Lighting, Contr Expend	512	A51824	534
TOTAL Street Lighting	512		534
TOTAL Transportation	112,401		110,003
Community Action, Contr Expend	1,000	A63104	1,000
TOTAL Community Action	1,000		1,000
Veterans Service, Contr Expend	1,000	A65104	1,000
TOTAL Veterans Service	1,000		1,000
Programs For Aging, Contr Expend	253	A67724	345
TOTAL Programs For Aging	253		345
TOTAL Economic Assistance And Opportunity	2,253		2,345
Library, Contr Expend	125,000	A74104	125,000
TOTAL Library	125,000		125,000
TOTAL Culture And Recreation	125,000		125,000
Environmental Control, Contr Expend		A80904	
TOTAL Environmental Control	0		0
Refuse & Garbage, Pers Serv	908	A81601	557
Refuse & Garbage, Contr Expend	16,227	A81604	4,240
TOTAL Refuse & Garbage	17,135		4,797
Acquisition of Real Prop, Equip & Cap Outla		A86602	
TOTAL Acquisition of Real Prop	0		0
Conservation, Contr Expend		A87104	5,736
TOTAL Conservation	0		5,736
Cemetery, Pers Serv	4,250	A88101	2,541
Cemetery, Equip & Cap Outlay		A88102	8,066
Cemetery, Contr Expend		A88104	
TOTAL Cemetery	4,250		10,607
TOTAL Home And Community Services	21,385		21,140

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(A) GENERAL

Results of Operation

Expenditures			
State Retirement System	30,730	A90108	30,988
Social Security, Employer Cont	24,982	A90308	25,843
Worker's Compensation, Empl Bnfts	3,025	A90408	4,873
Unemployment Insurance, Empl Bnfts	1,296	A90508	
Disability Insurance, Empl Bnfts	128	A90558	101
Hospital & Medical (dental) Ins, Empl Bnft	23,783	A90608	27,157
TOTAL Employee Benefits	83,944		88,962
TOTAL Expenditures	1,182,944		1,272,483
Transfers, Capital Projects Fund		A99509	220,000
TOTAL Operating Transfers	0		220,000
TOTAL Other Uses	0		220,000
TOTAL Detail Expenditures And Other Uses	1,182,944		1,492,483

TOWN OF North East
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For the Fiscal Year Ending 2019

(A) GENERAL

Analysis of Changes in Fund Balance

Original Budget	Revised Budget	Actuals to Date	Encumbrances to Date
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Analysis of Changes in Fund Balance

Fund Balance - Beginning of Year	974,679	A8021	1,067,133
Restated Fund Balance - Beg of Year	974,679	A8022	1,067,133
ADD - REVENUES AND OTHER SOURCES	1,275,398		1,424,554
DEDUCT - EXPENDITURES AND OTHER USES	1,182,944		1,492,483
Fund Balance - End of Year	1,067,133	A8029	999,204

TOWN OF North East
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For the Fiscal Year Ending 2019

(A) GENERAL

Budget Summary

Estimated Revenues			
Est Rev - Real Property Taxes	1,108,939	A1049N	1,144,093
Est Rev - Real Property Tax Items	7,500	A1099N	7,500
Est Rev - Non Property Tax Items	21,500	A1199N	21,500
Est Rev - Departmental Income	1,150	A1299N	1,150
Est Rev - Use of Money And Property	2,500	A2499N	10,000
Est Rev - Licenses And Permits	3,650	A2599N	3,650
Est Rev - Fines And Forfeitures	22,000	A2649N	22,000
Est Rev - State Aid	50,000	A3099N	50,000
TOTAL Estimated Revenues	1,217,239		1,259,893
Appropriated Fund Balance	192,000	A599N	124,000
TOTAL Estimated Other Sources	192,000		124,000
TOTAL Estimated Revenues And Other Sources	1,409,239		1,383,893

TOWN OF North East
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For the Fiscal Year Ending 2019

(A) GENERAL

Budget Summary

Appropriations			
App - General Government Support	554,181	A1999N	580,148
App - Public Safety	13,060	A3999N	14,205
App - Health	340,000	A4999N	340,000
App - Transportation	121,240	A5999N	93,235
App - Economic Assistance And Opportunity	2,200	A6999N	2,200
App - Culture And Recreation	125,000	A7999N	145,000
App - Home And Community Services	19,550	A8999N	20,184
App - Employee Benefits	114,008	A9199N	119,160
TOTAL Appropriations	1,289,239		1,314,132
App - Interfund Transfer	120,000	A9999N	69,761
TOTAL Other Uses	120,000		69,761
TOTAL Appropriations And Other Uses	1,409,239		1,383,893

TOWN OF North East
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For the Fiscal Year Ending 2019

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Assets			
Cash	409,408	B200	468,165
TOTAL Cash	409,408		468,165
Accounts Receivable	17,445	B380	
TOTAL Other Receivables (net)	17,445		0
Due From Other Governments	29,785	B440	29,775
TOTAL Due From Other Governments	29,785		29,775
TOTAL Assets and Deferred Outflows of Resources	456,638		497,940

TOWN OF North East
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(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Accounts Payable	3,392	B600	2,494
TOTAL Accounts Payable	3,392		2,494
TOTAL Liabilities	3,392		2,494
Fund Balance			
Assigned Appropriated Fund Balance	109,000	B914	104,000
Assigned Unappropriated Fund Balance	344,246	B915	391,443
TOTAL Assigned Fund Balance	453,246		495,443
TOTAL Fund Balance	453,246		495,443
TOTAL Liabilities, Deferred Inflows And Fund Balance	456,638		497,937

TOWN OF North East
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For the Fiscal Year Ending 2019

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Revenues			
Real Property Taxes	60,301	B1001	60,905
TOTAL Real Property Taxes	60,301		60,905
Sales Tax (from County)	143,064	B1120	167,559
TOTAL Non Property Tax Items	143,064		167,559
Safety Inspection Fees	28,338	B1560	31,007
Zoning Fees	125	B2110	1,450
Planning Board Fees	625	B2115	1,475
TOTAL Departmental Income	29,088		33,932
Interest And Earnings	7,166	B2401	8,977
TOTAL Use of Money And Property	7,166		8,977
Grants From Local Governments		B2706	7,555
TOTAL Miscellaneous Local Sources	0		7,555
TOTAL Revenues	239,619		278,928
TOTAL Detail Revenues And Other Sources	239,619		278,928

TOWN OF North East
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(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Expenditures			
Police, Contr Expend	25,000	B31204	25,500
TOTAL Police	25,000		25,500
Safety Inspection, Pers Serv	39,699	B36201	39,932
Safety Inspection, Contr Expend	4,626	B36204	5,311
TOTAL Safety Inspection	44,325		45,243
TOTAL Public Safety	69,325		70,743
Registrar of Vital Statistics, Pers Serv	510	B40201	525
Registrar of Vital Stat Contr Expend	428	B40204	317
TOTAL Registrar of Vital Stat Contr Expend	938		842
TOTAL Health	938		842
Youth Prog, Contr Expend	41,250	B73104	41,790
TOTAL Youth Prog	41,250		41,790
TOTAL Culture And Recreation	41,250		41,790
Zoning, Pers Serv	3,756	B80101	1,626
Zoning, Contr Expend	1,656	B80104	1,666
TOTAL Zoning	5,412		3,292
Planning, Pers Serv	5,077	B80201	979
Planning, Contr Expend	5,214	B80204	14,626
TOTAL Planning	10,291		15,605
Comm Beautification, Contr Expend	500	B85104	500
TOTAL Comm Beautification	500		500
TOTAL Home And Community Services	16,203		19,397
State Retirement, Empl Bnfts	7,192	B90108	7,252
Social Security , Empl Bnfts	3,752	B90308	3,294
Worker's Compensation, Empl Bnfts	1,347	B90408	1,623
Hospital & Medical (dental) Ins, Empl Bnft	3,638	B90608	1,789
TOTAL Employee Benefits	15,929		13,958
TOTAL Expenditures	143,645		146,730
Transfers, Other Funds	193,000	B99019	90,000
TOTAL Operating Transfers	193,000		90,000
TOTAL Other Uses	193,000		90,000
TOTAL Detail Expenditures And Other Uses	336,645		236,730

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(B) GENERAL TOWN-OUTSIDE VG

Analysis of Changes in Fund Balance

Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	550,271	B8021	453,245
Restated Fund Balance - Beg of Year	550,271	B8022	453,245
ADD - REVENUES AND OTHER SOURCES	239,619		278,928
DEDUCT - EXPENDITURES AND OTHER USES	336,645		236,730
Fund Balance - End of Year	453,245	B8029	495,443

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(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Estimated Revenues			
Est Rev - Real Property Taxes	60,905	B1049N	62,324
Est Rev - Non Property Tax Items	113,000	B1199N	113,000
Est Rev - Departmental Income	20,400	B1299N	20,400
Est Rev - Use of Money And Property	1,200	B2499N	2,000
TOTAL Estimated Revenues	195,505		197,724
Appropriated Fund Balance	109,000	B599N	104,000
TOTAL Estimated Other Sources	109,000		104,000
TOTAL Estimated Revenues And Other Sources	304,505		301,724

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(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Appropriations			
App - General Government Support	12,000	B1999N	12,000
App - Public Safety	77,210	B3999N	77,804
App - Health	525	B4999N	540
App - Culture And Recreation	41,250	B7999N	41,250
App - Home And Community Services	63,496	B8999N	54,058
App - Employee Benefits	20,024	B9199N	16,072
TOTAL Appropriations	214,505		201,724
App - Interfund Transfer	90,000	B9999N	100,000
TOTAL Other Uses	90,000		100,000
TOTAL Appropriations And Other Uses	304,505		301,724

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(CD) SPECIAL GRANT

Balance Sheet

Assets			
Due From Other Funds	147	CD391	147
TOTAL Due From Other Funds	147		147
TOTAL Assets and Deferred Outflows of Resources	147		147

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(CD) SPECIAL GRANT

Balance Sheet

Fund Balance			
Assigned Unappropriated Fund Balance	147	CD915	147
TOTAL Assigned Fund Balance	147		147
TOTAL Fund Balance	147		147
TOTAL Liabilities, Deferred Inflows And Fund Balance	147		147

**TOWN OF North East
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Results of Operation

www.elsevier.com/locate/jmb

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Results of Operation

CONFIDENTIAL 11-2 11-1000 11-1

TOWN OF North East
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(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

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Analysis of Changes in Fund Balance

Fund Balance - Beginning of Year	147	CD8021	147
Restated Fund Balance - Beg of Year	147	CD8022	147
Fund Balance - End of Year	147	CD8029	147

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(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Assets			
Cash	51,004	CM200	52,236
TOTAL Cash	51,004		52,236
TOTAL Assets and Deferred Outflows of Resources	51,004		52,236

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(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Fund Balance			
Assigned Unappropriated Fund Balance	51,004	CM915	52,236
TOTAL Assigned Fund Balance	51,004		52,236
TOTAL Fund Balance	51,004		52,236
TOTAL Liabilities, Deferred Inflows And Fund Balance	51,004		52,236

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(CM) MISCELLANEOUS SPECIAL REV

Results of Operation

Departmental Income Statement			
Revenues			
Other Home & Community Service Income	CM2189		300
TOTAL Departmental Income	0		300
Interest And Earnings	445	CM2401	932
TOTAL Use of Money And Property	445		932
TOTAL Revenues	445		1,232
TOTAL Detail Revenues And Other Sources	445		1,232

**TOWN OF North East
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TOWN OF North East
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(CM) MISCELLANEOUS SPECIAL REV

Analysis of Changes in Fund Balance

Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	50,559	CM8021	51,004
Restated Fund Balance - Beg of Year	50,559	CM8022	51,004
ADD - REVENUES AND OTHER SOURCES	445		1,232
Fund Balance - End of Year	51,004	CM8029	52,236

TOWN OF North East
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(DB) HIGHWAY-PART-TOWN

Balance Sheet

Description		Amount	Account	Amount
Assets				
Cash		693,488	DB200	436,892
TOTAL Cash		693,488		436,892
Accounts Receivable			DB380	153,879
TOTAL Other Receivables (net)		0		153,879
Due From Other Funds			DB391	5,874
TOTAL Due From Other Funds		0		5,874
TOTAL Assets and Deferred Outflows of Resources		693,488		596,645

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(DB) HIGHWAY-PART-TOWN

Balance Sheet

Accounts Payable	147,518	DB600	53,080
TOTAL Accounts Payable	147,518		53,080
Due To Other Funds	148	DB630	
TOTAL Due To Other Funds	148		0
TOTAL Liabilities	147,666		53,080
Fund Balance			
Assigned Appropriated Fund Balance	97,500	DB914	98,056
Assigned Unappropriated Fund Balance	448,319	DB915	445,505
TOTAL Assigned Fund Balance	545,819		543,561
TOTAL Fund Balance	545,819		543,561
TOTAL Liabilities, Deferred Inflows And Fund Balance	693,485		596,641

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(DB) HIGHWAY-PART-TOWN

Results of Operation

Revenues			
Real Property Taxes	813,707	DB1001	831,061
TOTAL Real Property Taxes	813,707		831,061
Snow Removal Services-Other Govts		DB2302	34,650
TOTAL Intergovernmental Charges	0		34,650
Interest And Earnings	13,319	DB2401	19,798
TOTAL Use of Money And Property	13,319		19,798
Sales of Equipment	50,420	DB2665	11,923
Insurance Recoveries	3,584	DB2680	31,248
TOTAL Sale of Property And Compensation For Loss	54,004		43,171
St Aid, Consolidated Highway Aid		DB3501	238,160
TOTAL State Aid	0		238,160
Fed Aid, Emergency Disaster Assistance	13,359	DB4960	
TOTAL Federal Aid	13,359		0
TOTAL Revenues	894,389		1,166,840
Interfund Transfers	193,000	DB5031	90,000
TOTAL Interfund Transfers	193,000		90,000
TOTAL Other Sources	193,000		90,000
TOTAL Detail Revenues And Other Sources	1,087,389		1,256,840

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(DB) HIGHWAY-PART-TOWN

Results of Operation

Expenditures			
Maint of Streets, Pers Serv	53,808	DB51101	33,154
Maint of Streets, Contr Expend	200,157	DB51104	141,195
TOTAL Maint of Streets	253,965		174,349
Perm Improve Highway, Contr Expend		DB51124	393,829
TOTAL Perm Improve Highway	0		393,829
Machinery, Pers Serv	72,916	DB51301	70,391
Machinery, Equip & Cap Outlay	172,499	DB51302	64,506
Machinery, Contr Expend	96,341	DB51304	107,787
TOTAL Machinery	341,756		242,684
Brush And Weeds, Pers Serv	28,046	DB51401	55,652
Brush And Weeds, Contr Expend	45,744	DB51404	33,939
TOTAL Brush And Weeds	73,790		89,591
Snow Removal, Pers Serv	75,373	DB51421	38,772
Snow Removal, Equip & Cap Outlay	6,496	DB51422	4,417
Snow Removal, Contr Expend	117,980	DB51424	120,243
TOTAL Snow Removal	199,849		163,432
TOTAL Transportation	869,360		1,063,885
State Retirement, Empl Bnfts	27,461	DB90108	27,691
Social Security, Empl Bnfts	17,606	DB90308	15,145
Worker's Compensation, Empl Bnfts	17,061	DB90408	20,561
Disability Insurance, Empl Bnfts	524	DB90558	397
Hospital & Medical (dental) Ins, Empl Bnft	55,775	DB90608	66,093
TOTAL Employee Benefits	118,427		129,887
Debt Principal, Installment Bonds	61,667	DB97206	61,667
TOTAL Debt Principal	61,667		61,667
Debt Interest, Installment Bonds	2,079	DB97207	3,657
TOTAL Debt Interest	2,079		3,657
TOTAL Expenditures	1,051,533		1,259,096
TOTAL Detail Expenditures And Other Uses	1,051,533		1,259,096

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(DB) HIGHWAY-PART-TOWN

Analysis of Changes in Fund Balance

2018	2019	2020	2021
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Analysis of Changes in Fund Balance

Fund Balance - Beginning of Year	509,961	DB8021	545,817
Restated Fund Balance - Beg of Year	509,961	DB8022	545,817
ADD - REVENUES AND OTHER SOURCES	1,087,389		1,256,840
DEDUCT - EXPENDITURES AND OTHER USES	1,051,533		1,259,096
Fund Balance - End of Year	545,817	DB8029	543,561

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(DB) HIGHWAY-PART-TOWN

Budget Summary

	2018	2019	2020
Estimated Revenues			
Est Rev - Real Property Taxes	831,060	DB1049N	880,069
Est Rev - Use of Money And Property	2,000	DB2499N	78,300
TOTAL Estimated Revenues	833,060		958,369
Estimated - Interfund Transfer	90,000	DB5031N	98,056
Appropriated Fund Balance	97,500	DB599N	100,000
TOTAL Estimated Other Sources	187,500		198,056
TOTAL Estimated Revenues And Other Sources	1,020,560		1,156,425

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(DB) HIGHWAY-PART-TOWN

Budget Summary

Appropriations			
App - Transportation	739,794	DB5999N	780,790
App - Employee Benefits	166,884	DB9199N	178,754
App - Debt Service	65,826	DB9899N	85,955
TOTAL Appropriations	972,504		1,045,499
App - Interfund Transfer	48,056	DB9999N	110,926
TOTAL Other Uses	48,056		110,926
TOTAL Appropriations And Other Uses	1,020,560		1,156,425

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(H) CAPITAL PROJECTS

Balance Sheet

Assets			
Cash	133,775	H200	441,823
TOTAL Cash	133,775		441,823
TOTAL Assets and Deferred Outflows of Resources	133,775		441,823

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(H) CAPITAL PROJECTS

Balance Sheet

Accounts Payable	125,000	H600	5,455
TOTAL Accounts Payable	125,000		5,455
Bond Anticipation Notes Payable		H626	454,000
TOTAL Notes Payable	0		454,000
Due To Other Funds		H630	20,929
TOTAL Due To Other Funds	0		20,929
TOTAL Liabilities	125,000		480,384
Fund Balance			
Assigned Unappropriated Fund Balance	8,775	H915	
TOTAL Assigned Fund Balance	8,775		0
Unassigned Fund Balance		H917	-38,561
TOTAL Unassigned Fund Balance	0		-38,561
TOTAL Fund Balance	8,775		-38,561
TOTAL Liabilities, Deferred Inflows And Fund Balance	133,775		441,823

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(H) CAPITAL PROJECTS

Results of Operation

Revenues			
Interest And Earnings	278	H2401	3,037
TOTAL Use of Money And Property	278		3,037
Grants From Local Governments		H2706	228,248
TOTAL Miscellaneous Local Sources	0		228,248
TOTAL Revenues	278		231,285
Interfund Transfers		H5031	220,000
TOTAL Interfund Transfers	0		220,000
Statutory Installment Bonds	125,000	H5720	80,000
TOTAL Proceeds of Obligations	125,000		80,000
TOTAL Other Sources	125,000		300,000
TOTAL Detail Revenues And Other Sources	125,278		531,285

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(H) CAPITAL PROJECTS

Results of Operation

Expenditures		
Machinery, Equip & Cap Outlay	H51302	80,000
TOTAL Machinery	0	80,000
Snow Removal, Equip & Cap Outlay	125,000 H51422	
TOTAL Snow Removal	125,000	0
Highway, Capital Projects	H51972	498,621
TOTAL Highway	0	498,621
TOTAL Transportation	125,000	578,621
TOTAL Expenditures	125,000	578,621
TOTAL Detail Expenditures And Other Uses	125,000	578,621

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	8,497	H8021	8,775
Restated Fund Balance - Beg of Year	8,497	H8022	8,775
ADD - REVENUES AND OTHER SOURCES	125,278		531,285
DEDUCT - EXPENDITURES AND OTHER USES	125,000		578,621
Fund Balance - End of Year	8,775	H8029	-38,561

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(K) GENERAL FIXED ASSETS

Balance Sheet

	2018/19 Actual	2018/19 Budget	2017/18 Actual
Assets			
Land	52,800	K101	52,800
Buildings	200,954	K102	200,954
Machinery And Equipment	1,656,441	K104	1,727,022
Construction Work In Progress		K105	498,621
TOTAL Fixed Assets (net)	1,910,195		2,479,397
TOTAL Assets and Deferred Outflows of Resources	1,910,195		2,479,397

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(K) GENERAL FIXED ASSETS

Balance Sheet

	2019	2018	
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	1,910,195	K159	2,479,397
TOTAL Investments in Non-Current Government Assets	1,910,195		2,479,397
TOTAL Fund Balance	1,910,195		2,479,397
TOTAL	1,910,195		2,479,397

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Balance Sheet

Assets			
Cash	35,803	SW200	38,493
TOTAL Cash	35,803		38,493
TOTAL Assets and Deferred Outflows of Resources	35,803		38,493

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Balance Sheet

Fund Balance			
Assigned Unappropriated Fund Balance	35,803	SW915	38,493
TOTAL Assigned Fund Balance	35,803		38,493
TOTAL Fund Balance	35,803		38,493
TOTAL Liabilities, Deferred Inflows And Fund Balance	35,803		38,493

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Results of Operation

Revenues			
Real Property Taxes	47,316	SW1001	46,983
TOTAL Real Property Taxes	47,316		46,983
Interest And Earnings	409	SW2401	960
TOTAL Use of Money And Property	409		960
TOTAL Revenues	47,725		47,943
TOTAL Detail Revenues And Other Sources	47,725		47,943

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Results of Operation

Expenditures			
Water Administration, Contr Expend	120	SW83104	120
TOTAL Water Administration	120		120
Water Trans & Distrib, Pers Serv	36	SW83401	
TOTAL Water Trans & Distrib	36		0
Other Water, Contr Expend	6,900	SW83894	6,445
TOTAL Other Water	6,900		6,445
TOTAL Home And Community Services	7,056		6,565
Social Security , Empl Bnfts	3	SW90308	
TOTAL Employee Benefits	3		0
Debt Principal, Serial Bonds	18,000	SW97106	19,000
TOTAL Debt Principal	18,000		19,000
Debt Interest, Serial Bonds	20,520	SW97107	19,687
TOTAL Debt Interest	20,520		19,687
TOTAL Expenditures	45,579		45,252
TOTAL Detail Expenditures And Other Uses	45,579		45,252

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Analysis of Changes in Fund Balance

	2018	2019	2019
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	33,657	SW8021	35,803
Restated Fund Balance - Beg of Year	33,657	SW8022	35,803
ADD - REVENUES AND OTHER SOURCES	47,725		47,943
DEDUCT - EXPENDITURES AND OTHER USES	45,579		45,252
Fund Balance - End of Year	35,803	SW8029	38,494

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Budget Summary

Estimated Revenues			
Est Rev - Real Property Taxes	39,733	SW1049N	39,675
Est Rev - Use of Money And Property	70	SW2499N	250
TOTAL Estimated Revenues	39,803		39,925
TOTAL Estimated Revenues And Other Sources	39,803		39,925

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(SW) WATER

Budget Summary

Appropriations			
App - Home And Community Services	1,100	SW8999N	1,100
App - Employee Benefits	15	SW9199N	15
App - Debt Service	38,688	SW9899N	38,810
TOTAL Appropriations	39,803		39,925
TOTAL Appropriations And Other Uses	39,803		39,925

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TA) AGENCY

Balance Sheet

	2018	2019
Assets		
Cash	38,766	43,847
TOTAL Cash	38,766	43,847
TOTAL Assets and Deferred Outflows of Resources	38,766	43,847

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TA) AGENCY

Balance Sheet

Due To Other Funds		TA630	15,639
TOTAL Due To Other Funds	0		15,639
State Retirement	783	TA18	966
Group Insurance	828	TA20	890
Guaranty & Bid Deposits	37,154	TA30	26,352
TOTAL Agency Liabilities	38,765		28,208
TOTAL Liabilities	38,765		43,847
TOTAL Liabilities, Deferred Inflows And Fund Balance	38,765		43,847

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

	2018	2019	2020
Assets			
Cash	9,038	TE200	9,182
TOTAL Cash	9,038		9,182
TOTAL Assets and Deferred Outflows of Resources	9,038		9,182

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Fiscal Year Ending			
2018		2019	2020
Fund Balance			
Net Assets-Restricted For Other Purposes	9,038	TE923	9,182
TOTAL Assigned Fund Balance	9,038		9,182
TOTAL Fund Balance	9,038		9,182
TOTAL Liabilities, Deferred Inflows And Fund Balance	9,038		9,182

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TE) PRIVATE PURPOSE TRUST

Results of Operation

Revenues			
Interest And Earnings	41	TE2401	144
TOTAL Use of Money And Property	41		144
TOTAL Revenues	41		144
TOTAL Detail Revenues And Other Sources	41		144

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

Results of Operation

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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(TE) PRIVATE PURPOSE TRUST

Analysis of Changes in Net Position

Analysis of Changes in Net Position			
Fund Balance - Beginning of Year	8,997	TE8021	9,038
Restated Fund Balance - Beg of Year	8,997	TE8022	9,038
ADD - REVENUES AND OTHER SOURCES	41		144
Fund Balance - End of Year	9,038	TE8029	9,182

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Assets			
Total Non-Current Govt Liabilities	683,650	W129	741,191
TOTAL Provision To Be Made In Future Budgets	683,650		741,191
TOTAL Assets and Deferred Outflows of Resources	683,650		741,191

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2019

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Net Pension Liability -Proportionate Share	51,650	W638	109,857
TOTAL Other Liabilities	51,650		109,857
Bonds Payable	632,000	W628	631,334
TOTAL Bond And Long Term Liabilities	632,000		631,334
TOTAL Liabilities	683,650		741,191
TOTAL Liabilities	683,650		741,191

TOWN OF North East
Statement of Indebtedness
For the Fiscal Year Ending 2019

2/25/2020

County of: Dutchess

Municipal Code: 130359300000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$30,000	\$1,000	\$0	\$0		\$29,000
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$417,000	\$18,000	\$0	\$0		\$399,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
2019	BAN N	Garage Storage Facility			08/26/2019	08/26/2020	2.15%		\$454,000	\$0			\$0		\$454,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
2016	BOND N	HIGHWAY EQUIPMENT			11/01/2016	11/01/2021	1.74%		\$100,000	\$60,000	\$20,000	\$0	\$0		\$40,000
2018	BOND N	Plow Truck			11/19/2018	11/19/2021	2.05%		\$125,000	\$125,000	\$41,666	\$0	\$0		\$83,334
2019	BOND N	Highway Equipment			05/10/2019	05/10/2023	2.30%		\$80,000	\$0	\$61,666	\$0	\$0		\$80,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year															
										\$632,000	\$80,666	\$0	\$0	\$0	\$1,085,334

TOWN OF North East
Maturity Schedule
For the Fiscal Year Ending 2019

For Bonds Issued During The Fiscal Year Ended 2019

	EDPCODE	
Indebtedness No.		2019000001
Purpose of Issue		Highway Equipment
For State Comptroller Use Only	2P3CE	
Total Principal	2P3PR	80,000
Date of Issue	2P3DT	5/10/2019
Interest Rate	2P3PC	2.30000
Final Maturity Date	2P3DM	5/10/2023
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year ending in (The Last Two Digits of the EDP Code Correspond to the Fiscal Year Ended)		
	2P320	19,323
	2P321	19,768
	2P322	20,222
	2P323	20,687

TOWN OF North East
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2019

	<u>EDP Code</u>	<u>Amount</u>
CASH:		
On Hand	9Z2001	\$100.00
Demand Deposits	9Z2011	\$2,482,910.00
Time Deposits	9Z2021	
Total		<u>\$2,483,010.00</u>
COLLATERAL:		
- FDIC Insurance	9Z2014	\$325,690.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$2,157,320.00
Total		<u>\$2,483,010.00</u>
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF North East
Bank Reconciliation
For the Fiscal Year Ending 2019

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-2426	\$138,347	\$0	\$0	\$138,347
****-2434	\$12	\$0	\$0	\$12
****-2442	\$67,641	\$0	\$0	\$67,641
****-2450	\$10,164	\$0	\$0	\$10,164
****-2469	\$6,720	\$0	\$0	\$6,720
****-2477	\$38,493	\$0	\$0	\$38,493
****-2493	\$2,556	\$0	\$0	\$2,556
****-2507	\$9,182	\$0	\$0	\$9,182
****-2515	\$52,236	\$0	\$0	\$52,236
****-3910	\$7,169	\$0	\$0	\$7,169
****-3937	\$1,310	\$0	\$0	\$1,310
****-3945	\$9,051	\$0	\$0	\$9,051
****-3961	\$12,662	\$0	\$12,662	\$0
****-3988	\$7,293	\$0	\$0	\$7,293
****-3996	\$17,894	\$0	\$398	\$17,496
****-426	\$823,532	\$0	\$0	\$823,532
****-434	\$466,843	\$0	\$0	\$466,843
****-442	\$360,200	\$0	\$0	\$360,200
****-469	\$432,547	\$0	\$0	\$432,547
****-6589	\$19,058	\$0	\$0	\$19,058
Total Adjusted Bank Balance				\$2,469,850
Petty Cash				\$100.00
Adjustments				\$.00
Total Cash			9ZCASH *	\$2,469,950
Total Cash Balance All Funds			9ZCASHB *	\$2,469,950
* Must be equal				

**TOWN OF North East
Local Government Questionnaire
For the Fiscal Year Ending 2019**

	Response
1) Does your municipality have a written procurement policy?	Yes
2) Have the financial statements for your municipality been independently audited?	No
If not, are you planning on having an audit conducted?	No
3) Does your local government participate in an insurance pool with other local governments?	No
4) Does your local government participate in an investment pool with other local governments?	No
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	No
6) Does your municipality have a Capital Plan?	No
7) Has your municipality prepared and documented a risk assessment plan?	No
If yes, has your municipality used the results to design the system of internal controls?	
8) Have you had a change in chief executive or chief fiscal officer during the last year?	No
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	Yes

TOWN OF North East
Employee and Retiree Benefits
For the Fiscal Year Ending 2019

Total Full Time Employees:		6			
Total Part Time Employees:		27			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$65,931.00	6	10	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$44,284.00	6	27	
90408	Worker's Compensation Insurance	\$27,057.00	6	27	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance	\$497.00	6		
90608	Hospital and Medical (Dental) Insurance	\$95,038.00	6	1	
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$232,807.00			
Computed Total From Financial Section (comparative purposes only)		\$232,807.00			

TOWN OF North East
Energy Costs and Consumption
For the Fiscal Year Ending 2019

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$5,756	2,919	gallons	
Diesel Fuel	\$18,958	8,666	gallons	
Fuel Oil	\$7,502	3,483	gallons	
Natural Gas			cubic feet	
Electricity	\$4,911	27,377	kilowatt-hours	
Coal			tons	
Propane			gallons	

CERTIFICATION OF CHIEF FISCAL OFFICER

I, Chris Kennan, hereby certify that I am the Chief Fiscal Officer of the Town of North East, and that the information provided in the annual financial report of the Town of North East, for the fiscal year ended 12/31/2019, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the Town of North East, and adopted by me as my signature for use in conjunction with the filing of the Town of North East 's annual financial report, I am evidencing my express intent to authenticate my certification of the Town of North East's annual financial report for the fiscal year ended 12/31/2019 and filed by means of electronic data transmission.

Sickler, Torchia, Allen & Chur
Name of Report Preparer if different
than Chief Fiscal Officer

Michael A. Torchia Jr CPA CVA
Name

(518) 828-4616
Telephone Number

Shareholder
Title

4071 Route 9 Hudson, NY 12534
Official Address

02/24/2020
Date of Certification

(518) 828-4616
Official Telephone Number

**TOWN OF North East
Financial Comments
For the Fiscal Year Ending 2019**

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The fund financial statements of the Town of North East, New York (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units, to the extent appropriate for the prescribed form. The prescribed form is intended to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity:

The Town is governed by its charter, municipal law and other general laws of the State of New York, and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of five members (with each member having an equal vote). The Town Supervisor serves as chief executive and fiscal officer of the Town.

The following basic services are provided: public safety, health, transportation, highways and streets, culture and recreation, public improvements, economic assistance and opportunity, home and community services, and general administrative services.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Town of North East, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements 14, 39, 61, and 80.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB 14, 39, 61 and 80 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief review of certain entities considered in determining the Town of North East's reporting entity.

I. There are no other entities included in the reporting entity, nor are there any joint ventures excluded from the reporting entities.

II. Excluded from Reporting Entity:

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Although the following organizations, functions or activities are related to the Town they are not included in the Town's reporting entity because of the reasons noted:

The Town exercises no oversight over the operations of the Joint Fire District of the Town and Village of Millerton. The Town levies and collects real property taxes and turns them over to the fire district. This amounted to \$390,120 for the year ended December 31, 2019.

B. Fund Accounting:

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Town records its transactions in the fund types and account groups described below:

I. Fund Categories:

a. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources).

The following are the Town's governmental fund types:

1. General Fund:

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds.

2. Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

- (a) Highway Funds are used to account for revenues and expenditures for maintenance of Town highways.
- (b) Special District Funds are used to account for the resources of special districts.
- (c) Water Funds are used to account for revenues and expenditures for maintenance of the North East Water District.
- (d) Special Grant Funds are used to account for grant funds received from governmental sources.
- (e) Miscellaneous Special Revenue Fund accounts for trust arrangements under which principal and income will be used to benefit the Town's regular programs.
- (f) General Town – Outside are used to account for funds received for that purpose.

3. Capital Projects Fund:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

b. Fiduciary Funds:

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity.

1. Agency Funds:

Agency Funds are used to account for money (and/or property) received and held in the capacity of trustees, custodians, or agents. These include expendable trusts, non-expendable trusts, and agency funds.

2. Private-Purpose Trust Funds:

Private-Purpose Trust Funds are used to account for all other trust arrangements under which principal and interest benefit individuals, private organizations or other governments.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Account Groups:

Account groups are used to establish accounting control and accountability for the Town's non-current government assets and non-current government liabilities. The two account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations.

a. Non-Current Government Assets Account Group:

This group of accounts is used to account for land, buildings, improvements other than buildings and equipment utilized for general government purposes.

b. Non-Current Government Liability Account Group:

This group of accounts is established to account for all long-term debts.

C. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, liabilities, and deferred revenues are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

I. Modified Accrual Basis:

All Governmental Funds and Fiduciary Funds, are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when the fund liability is incurred except that:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- a. Expenditures for prepaid and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when payment is due (see Note 1, H).
- d. Other post-employment benefits are charged as expenditures when payment is due.

II. Account Groups:

Non-current government assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Non-current government liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Long-term liabilities for retirement and compensated absences are recorded when the Town's obligation can be reasonably estimated.

D. Fund Balances:

Fund Balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned focusing on the constraints imposed on resources in governmental funds:

I. Non-Spendable:

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

II. Restricted:

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balance as of December 31, 2019.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution, to adopt the 2020 budget, has authorized the Town Supervisor to assign fund balance. Appropriated fund balance is reported in the various funds as follows: General Fund – Town-Wide \$124,000, General Fund – Outside \$104,000, and Highway Fund – Outside \$98,056.

V. Unassigned:

Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

The Town has the authority to carry over a "reasonable amount" of committed, assigned and unassigned fund balance consistent with the "Reasonable amount" statutes.

E. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriations, is employed by the Town. Encumbrances are reported as restrictions, commitments or assignments of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

F. Property, Plant, and Equipment – General:

Fixed assets purchased for general governmental purposes are recorded as expenditures in

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

the governmental funds and are capitalized at cost (or estimated historical cost) in the Non-Current Government Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. Historical records are incomplete and, as such, are considered to be valued for insurance purposes only and cannot be supported as cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. No depreciation has been provided on Schedule of Non-Current Government Assets Account Group nor has interest on non-current government assets construction-in-progress been capitalized.

G. Investments:

An investment is a security or other asset (a) that a government holds primarily for the purpose of income or profit and (b) with present service capacity that is based solely on its ability to generate cash or to be sold to generate cash. Capital assets held for resale are excluded from being classified as investments.

Investments are generally reported at fair value, except certificates of deposit, which are reported at cost.

H. Compensated Absences:

The Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, subject to certain maximum limitations.

No accrual has been recorded due to the number of variables involved. However, management believes that sufficient resources will be available for payment when such payment becomes due.

I. Post-Employment Benefits:

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the current year, \$1,789 was paid on behalf of one retiree and recorded as an expenditure.

J. Departures from Generally Accepted Accounting Principles (GAAP):

The Town has prepared these statements in the accompanying prescribed form to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. Notable departures from GAAP include:

- I. No provision for capitalizing infrastructure has been recorded;
- II. No provision for depreciation of Non-Current Government Assets has been recorded;
- III. The absence of an entity-wide Statement of Net Positions and Statement of Activities;
- IV. The absence of a Management, Discussion and Analysis;
- V. A statement comparing budget vs. actual is required under generally accepted accounting principles. While the Annual Update document includes both actual and budget schedules, there is no direct comparison of the two;
- VI. A Schedule of Funding Progress for Other Post-Employment Benefits is required under GAAP.
- VII. A Schedule of the Local Government's Proportionate Share of the Net Pension Liability for the New York State Employees' Retirement System is required under GAAP.
- VIII. A Schedule of the Local Government's Contribution for the New York State Employees' Retirement System is required under GAAP.
- IX. The absence of references to the "accompanying notes and accountant's disclaimer" on each page of the financial statements and to the "accountant's disclaimer" on each page of any supplementary information.
- X. GASB 84 – *Fiduciary Activities* not adopted by the town.
- XI. Post closure landfill care costs not calculated and listed in General Long-Term Debt section.

The effect of these departures on the financial statements has not been determined.

K. Insurance

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Town of North East assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

L. New Accounting Standards:

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019 the Town implemented the following new standards issued by GASB:

-- The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

-- The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which finalizes Exposure Draft (ED) No. 3-30, and seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

-- The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, which seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

M. Future Changes in Accounting Standards:

The GASB has issued Statement No. 87, *Leases*, which finalizes Exposure Draft (ED) No. 3-24E of the same name, and establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which seek to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

with conduit debt obligations, and (3) related note disclosures. The requirements of the Statement are effective for reporting periods beginning after December 15, 2020, with earlier application encouraged.

The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of the Statement are effective for reporting periods beginning after June 15, 2020.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

N. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY:

A. Budgetary Data:

The budget policies are as follows:

- I. No later than September 30, the budget officer submits a tentative budget to the Town Clerk, who then has until October 5 to submit the budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- II. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- III. All modifications of the budget must be approved by the governing board.
- IV. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

B. Property Taxes:

Real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to May 31. Taxes for the

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED):

Town and special district purposes are levied together with the taxes for the county purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The county assumes enforcement responsibility for all taxes levied in the Town. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of property taxes that may be levied by the Town of North East in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash and Investment Policies:

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC insured commercial banks located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the state and its municipalities and school districts.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

II. Cash and Cash Equivalents – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks:

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes.

As of December 31, 2019, \$- of the Town's bank balance of \$2,482,910 was exposed to custodial credit risk as follows:

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

	Bank Balance 12/31/19	FDIC Coverage	Collateral	Total Coverage 12/31/19
Salisbury Bank	<u>\$ 2,482,910</u>	<u>\$ 325,690</u>	<u>\$ 2,157,220</u>	<u>\$ 2,482,910</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$10,164 within the governmental funds.

III. Changes in Non-Current Government Assets:

A summary of changes in non-current government assets follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Land	\$ 52,800	\$ -	\$ -	\$ 52,800
Buildings	200,954	-	-	200,954
Construction in Progress	-	498,621	-	498,621
Machinery and Equipment	<u>1,656,441</u>	<u>106,710</u>	<u>36,129</u>	<u>1,727,022</u>
	<u>\$ 1,910,195</u>	<u>\$ 605,331</u>	<u>\$ 36,129</u>	<u>\$ 2,479,397</u>

B. Liabilities:

I. Pension Plans:

a. General Information:

The Town participates in the New York State Employees' Retirement System (NYSERS). This is a cost-sharing, multiple-employer public employee retirement system. The System offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

b. Plan Description:

The Town participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

c. Benefits Provided:

The System provides retirement benefits as well as death and disability benefits.

i. Tiers 1 and 2:

Eligibility: Tier 1 members must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

ii. Tiers 3, 4, and 5:

Eligibility: Tier 3 and 4 members must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

iii. Tier 6:

Eligibility: Tier 6 members must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

iv. Ordinary Disability Benefits:

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

v. Accidental Disability Benefits:

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

vi. Ordinary Death Benefits:

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

vii. Post-Retirement Benefit Increases:

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

d. Contributions:

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2019	65,931
2018	65,383
2017	63,318

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2019, the Town reported a liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

liability was determined by an actuarial valuation as of that date. The Town's proportion of the net position liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

This information was provided by the ERS System in reports provided to the Town.

	ERS
Actuarial Valuation Date	4/1/2018
Net Pension (Asset)/Liability	\$ 109,857
Town's Portion of the Plan's Total	
Net Pension Asset/(Liability)	0.0015505%

For the year ended December 31, 2019, the Town recognized pension expense of \$65,931 for ERS, within the fund financial statements. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	ERS
Differences Between Expected and Actual Experience	\$ 21,633	\$ 7,374
Changes of Assumptions	27,614	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	28,195
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	4,339	13,663
Town's Contributions Subsequent to the Measurement Date	65,931	-
Total	\$ 119,517	\$ 49,232

\$65,931 reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

	ERS
Year Ended:	
2020	\$ 17,131
2021	(25,199)
2022	(2,772)
2023	15,193
2024	-
Thereafter	-
	\$ 4,353

i. Actuarial Assumptions:

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following assumptions:

	ERS
Measurement Date	March 31, 2019
Actuarial Valuation Date	April 1, 2018
Interest Rate	7.00%
Salary Scale	4.20%
Decrement Tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation Rate	2.50%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Alternative Investments	5%	3.75-5.68%
Total Equities	<u>75%</u>	
Domestic Fixed Income Securities	0%	0.00%
Global Fixed Income Securities	0%	0.00%
Real Assets	3%	5.29%
Bonds and Mortgages	17%	1.31%
Short-Term	1%	-0.25%
Inflation-Indexed Bonds	4%	1.25%
Total Fixed Income	<u>25%</u>	
Total	<u>100%</u>	

ii. Discount Rate:

The discount rate used to calculate the total pension liability was 7.0 % for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

iii. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS, as well as what the Town's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% for ERS) or 1-percentage point higher (8.0% for ERS) than the current rate:

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 480,313</u>	<u>\$ 109,857</u>	<u>\$ (201,352)</u>

iv. Pension Plan Fiduciary Net Position:

The components of the current-year net pension (asset)/liability of the employers as of March 31, 2019, were as follows:

	(Dollars in the Thousands)
	ERS
Valuation Date	4/1/2018
Employers' Total Pension Liability	\$ 189,803,429
Plan Net Position	<u>182,718,124</u>
Employers' Net Pension Liability/(Asset)	<u>\$ 7,085,305</u>
Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset)	96.27%

v. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through December 31, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2019, amounted to \$0 payable, as the Town paid the March 2020 obligation in full prior to year-end.

II. Indebtedness:

a. Debt Limit:

At December 31, 2019, the total outstanding indebtedness of the Town aggregated \$1,085,334 of which \$657,334 was subject to the constitutional debt limit. This amount represented 1.98% of its debt limit.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

b. Short-Term Debt:

Bond Anticipation Note

The Town may issue Bond Anticipation Notes in anticipation of the proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years of the original issue date.

The Town issued \$454,000 short-term debt on August 26, 2019 with an interest rate of 2.15% and a maturity date of August 26, 2020.

c. Serial Bonds:

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in Non-Current Government Liabilities Account Group. The provision to be made in the future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

d. Summary of Long-Term Liabilities:

The following is the summary of long-term liabilities outstanding at December 31, 2019:

	Balance 12/31/18	Additions	Payments	Balance 12/31/19
Serial Bonds	\$ 447,000	\$ -	\$ 19,000	\$ 428,000
Highway Equipment	60,000	-	20,000	40,000
Highway Plow Truck	125,000	-	41,666	83,334
Highway Equipment (Backhoe)	-	80,000	-	80,000
Net Pension Liability - Proportionate Share	51,650	-	-	51,650
	<u>\$ 683,650</u>	<u>\$ 80,000</u>	<u>\$ 80,666</u>	<u>\$ 682,984</u>

e. Maturity:

The following is a statement of Serial Bonds with corresponding maturity schedules:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/2019	Collateral
Water	06/01/99	\$ 694,300	4.50%	06/01/36	\$ 428,000	*
Highway	11/01/16	100,000	1.74%	11/01/21	40,000	Gradall
Highway	11/19/18	125,000	2.05%	11/19/21	83,334	Truck
Highway	05/10/19	80,000	2.30%	05/10/24	80,000	Equipment
					<u>\$ 631,334</u>	

* Faith and credit of Town pledge.

f. Debt Service:

The following table summarizes the Town's future debt service requirements as of December 31, 2019:

	Principal	Interest
2020	100,990	23,066
2021	102,434	20,490
2022	41,222	17,883
2023	41,687	16,473
2024	21,000	15,053
2025-2029	119,000	59,738
2030-2034	141,000	30,803
2035-2039	64,001	2,880
	<u>\$ 631,334</u>	<u>\$ 186,385</u>

III. Landfill Maintenance:

State and federal laws and regulations require the Town to place a final cover on its refuse landfill site when it stops accepting waste, and also requires certain maintenance and monitoring functions at the site for 30 years after closure. The Town established a capital project to aid in paying the costs for the closure. Cumulative expenditures for landfill closure costs were \$1,181,475 for the year ended December 31, 2019. The Town has applied for, and was awarded, State Aid in the amount of \$1,201,294 to aid in paying the cost to date and for future costs.

C. Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2019, were as follows:

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 30,547	\$ -	\$ -	\$ 220,000
General Fund - Town Outside	-	-	-	90,000
Special Revenue:				
Highway Part Town	6,021	147	90,000	-
Water	-	-	-	-
Special Grant	147	-	-	-
Capital Projects	-	20,929	220,000	-
Fiduciary Trust and Agency	-	15,639	-	-
Totals	<u>\$ 36,715</u>	<u>\$ 36,715</u>	<u>\$ 310,000</u>	<u>\$ 310,000</u>

D. Fund Equity:

Designation and Assignment of Fund Balance:

The Town has designated the following amounts to be used to reduce taxes for the year ending December 31, 2019:

Fund	Appropriated Fund Balance
General	\$ 124,000
General - Town Outside	104,000
Highway - Town Outside	98,056
	<u>\$ 326,056</u>

E. Restricted Reserves:

The general fund equity includes reserve funds established for the following purposes:

Fund	Purpose	Balance at 12/31/19
General	Unemployment Reserve	<u>\$ 10,163</u>

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Grants:

The Town has received grants in varying amounts, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the State and Federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

B. Landfill Closure Costs:

The Town has not reported post closure care costs as a liability at December 31, 2019, in either the General Fund or the Non-Current Government Liabilities Account Group. The amount of this liability has not been calculated however; and is deemed to be material.